

CDIAC Seminar on Mechanics of a Bond Sale: Marketing and Pricing an Issue

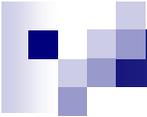
March 14, 2008

8:30am-10:00am



Presenters

- Joe Yew, *Finance Director, San Francisco Public Utilities Commission*
- Gary Kitahata, *Principal, Kitahata & Company*
- Darlene Cimino-DeRose, *Senior Managing Director, Montague DeRose and Associates, LLC*



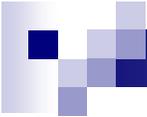
Agenda

- Overview: Parties in the Transaction
- Discussion of Competitive Sales
- Discussion of Negotiated Sales



Overview: Parties in the Transaction

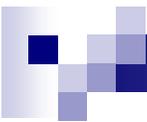
Who is involved in a bond financing, from the working group to the bond investors



The Working Group

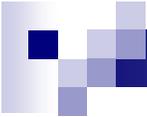
■ Issuer

- Finance Director of an issuer usually has multiple responsibilities – few issuers have staff specifically dedicated to debt financing
- Program staff from department using bond proceeds: to clarify use of proceeds and when funds needed
- Legal: in-house or outside counsel, usually focuses on authorizing resolution by governing body



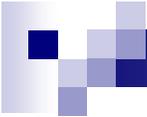
The Working Group, cont'd

- Financial Advisor (FA)
 - Independent: not owned by a securities firm and does not underwrite/trade in municipal securities, which avoids potential conflict of interest in serving both the issuer and investors
 - Underwriter: can perform same functions as an independent FA; when serving as Financial Advisor for a negotiated sale, should not also negotiate purchase of debt; when serving as Financial Advisor for a competitive sale, can also be a bidder



The Working Group, cont'd

- Financial Advisor role: Extension of staff; “quarterback” role in the financing process
 - Evaluates financing options with issuer
 - Prepares rating agency strategy and presentations
 - Assists in the development of bond documents (legal documents and Official Statement)
 - Analyzes the credit and the ability of expected revenues to support various debt service structures
 - “Runs the Numbers”
 - Procures outside services (trustee, verification agent, printer, letters of credit or bond insurance)
 - Markets the bonds in a pre-sale effort
 - Assist with other negotiations, if needed, including pricing
 - Provide ongoing consulting and assistance on debt matters



The Working Group, cont'd

- Bond Counsel: outside bond law firm which drafts financing documents and provides legal opinion (including as to tax-exemption of debt issued)
- Disclosure Counsel: drafts official statement, can be bond counsel or different firm
- Underwriter's Counsel (negotiated sale): may also draft official statement and Bond Purchase Agreement
- Bank Counsel: if letter of credit (LOC) bank involved in providing credit enhancement



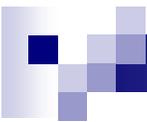
Purchasers

- Investors

- Ultimate purchasers of municipal bonds
- Retail: usually high net worth individuals, may include investment advisors and bank trusts
- Institutional: includes bond funds, insurance companies

- Underwriters

- Usual conduit for investors, except private placement or direct purchase
- In competitive sale, the municipal bond sales and trading desk submits bids
- In negotiated sale, senior underwriter and public finance investment bankers work with issuer to establish the pricing and manage the order flow



Third Parties

- **Trustee/Fiscal Agent:** commercial bank/trust co. providing administrative duties, holding funds
- **Rating agencies:** Moody's, S&P and Fitch provide credit analysis and ratings for investors
- **Credit enhancement:** bond insurers, LOC banks
- **Conduit issuers:** for nongovernmental borrowers or for small-issuer pools
- **Consultants:** feasibility analysis, special tax, fiscal (tax increment), arbitrage rebate, swaps, investments

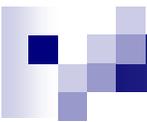
Competitive vs. Negotiated Sale Methods

Attributes that Argue for a Competitive Sale	Attributes that Argue for a Negotiated Sale
<p>The Issue Well known issuer Conventional issue structure Standard security provisions Good credit quality Few or no tax law concerns</p> <p>The Market Strong market with high demand</p>	<p>The Issue New issuer Variable rate issue Innovative debt structure Very large or very small issue Unusual security pledge Difficult to sell Concern about credit quality Potential tax law concerns</p> <p>The Market Weak market with low demand or high supply</p>



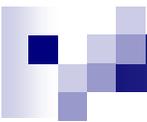
Competitive Sales

Marketing and pricing a bond
issue the old-fashioned way



Competitive Sale

- What it is: underwriters invited to submit bids to purchase issue by set deadline on pricing date
- When to use it:
 - Market considerations: strong credit, clean structure
 - Policy considerations: no need to pick underwriter(s)
- Goals and objectives:
 - Lowest true interest cost (TIC) is the winning bid
 - Multiple bids and debt service/refunding targets met



Mechanics of the Sale: Time Schedule

- If working group and plan of finance are set:
 - Week 1: Working group meets to review plan of finance
 - Weeks 2-3: First drafts of documents distributed by counsel, followed by all-hands meeting of working group to review
 - Weeks 4-6: Second drafts distributed, governing board of issuer approves documents, ratings requested
 - Week 7: Notice Inviting Bids published in The Bond Buyer
 - Week 8: POS/Notice of Sale posted electronically
 - Week 9: Pricing date & time – bids submitted electronically
 - Week 10: Final OS printed and sent to underwriter
 - Week 11: Closing, bond released and funds wired

Mechanics of the Sale: Bid Structure

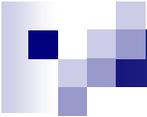
Due 6/15	Principal	Best Bid Structure	Best Bid Coupons	Best Bid Yields	Best Bid Prices	Cover Bid Structure	Cover Bid Coupons
2009	\$2,600,000	Serial	5.00%	3.08%	102.778%	Serial	5.50%
2010	2,795,000	Serial	5.00%	3.10%	104.522%	Serial	5.00%
2011	2,935,000	Serial	5.00%	3.16%	106.037%	Serial	5.00%
2012	3,080,000	Serial	4.00%	3.20%	103.322%	Serial	5.00%
2013	3,235,000	Serial	5.00%	3.27%	108.631%	Serial	5.00%
2014	3,395,000	Serial	5.00%	3.36%	109.493%	Serial	5.00%
2015	3,565,000	Serial	5.00%	3.43%	109.067%	Serial	5.00%
2016	3,745,000	Serial	5.00%	3.52%	108.522%	Serial	5.00%
2017	3,930,000	Serial	5.00%	3.61%	107.979%	Serial	5.00%
2018	4,125,000	Serial	5.00%	3.78%	106.964%	Serial	5.00%
2019	4,335,000	Serial	5.00%	3.87%	106.431%	Serial	4.00%
2020	4,550,000	Serial	4.00%	4.30%	97.123%	Serial	4.00%
2021	4,780,000	Serial	5.00%	4.00%	105.667%	Serial	4.125%
2022	5,015,000	Serial	4.125%	4.30%	98.126%	Serial	5.00%
2023	5,270,000	Serial	4.375%	4.40%	99.720%	Serial	5.00%
2024	5,530,000	Serial	4.50%	4.42%	100.446%	Serial	5.00%
2025	5,810,000	Serial	4.50%	4.48%	100.111%	Serial	5.00%
2026	6,100,000	Serial	4.625%	4.46%	100.920%	Term 1	5.00%
2027	6,405,000	Term 1	5.00%	--	--	Term 1	5.00%
2028	6,705,000	Term 1	5.00%	4.31%	103.870%	Term 1	5.00%
2029	7,025,000	Term 2	5.00%	--	--	Term 2	4.50%
2030	7,360,000	Term 2	5.00%	--	--	Term 2	4.50%
2031	7,710,000	Term 2	5.00%	4.36%	103.584%	Term 2	4.50%

Mechanics of the Sale: Bid Comparison

San Francisco Community College District
2007 General Obligation Bonds (Election of 2005, Series B)
\$110,000,000

	Best Bid (#1)	Cover Bid (#2)
Underwriter:	Piper Jaffray	Stone & Youngberg
Premium Bid [1]:	\$3,122,383.71	\$2,626,706.52
True Interest Cost (TIC):	4.5042%	4.0597%

[1] Minimum bid of 102% (\$2.2M premium) plus \$314,250 costs of issuance requirement paid directly to third-party fiscal agent



Mechanics of the Sale: Bond Insurance #1

San Francisco Community College District
2007 General Obligation Bonds (Election of 2005, Series B)
\$110,000,000
Competitive sale on 12/5/07

Insurers	Premium Bid	Bid as Basis Points on Total Debt Service
XLCA	\$250,000	13.4
MBIA [1]	\$409,800	21.9
FSA [2]	\$454,900	24.3
Ambac	\$498,000	26.6

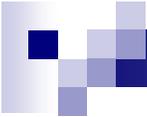
[1] MBIA originally selected by winning bidder in pricing bid

[2] FSA insurance actually purchased by winning bidder at request of investors

Mechanics of the Sale: Bond Insurance #2

County of Hawaii
General Obligation Bonds, 2006 Series A
\$50,000,000
Competitive sale on 2/8/06

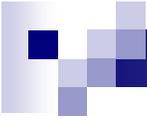
Insurers	Premium Bid	Bid as Basis Points on Total Debt Service
CIFG	\$47,000	6.1
XLCA	\$89,000	11.5
MBIA	\$169,800	22.0
FGIC	\$198,600	25.7
Ambac	\$215,000	27.8
FSA	\$241,000	31.2



Mechanics of the Sale: Optional Redemption

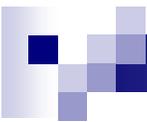
Palm Springs Community Redevelopment Agency
Taxable Tax Allocation Bonds
Negotiated sale on 9/6/06

	Series B	Series C
Par:	\$1,910,000	\$6,495,000
Insurer:	Ambac	Ambac
Optional call:	Make-whole call	9/1/17 @100%
2034 yield:	6.14%	6.41%



Mechanics of the Sale: NOS and POS

- Notice of Sale (NOS):
 - Instructions on bidding parameters, specifying legal restrictions and detailing award of bid
 - Different from Notice of Intention to Sell, which is the short ad published up to 15 days prior to sale date
- Preliminary Official Statement (POS):
 - Principal disclosure document for prospective investors, describing bonds, issuer, source of payment for debt service
 - Posted and distributed electronically at least one week prior to sale date



Mechanics of the Sale: Submitting Bids

- Electronic bidding platforms:

- Parity

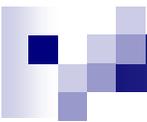
- Most widely-used, based on underwriter's bid system
 - Lost lawsuit to MuniAuction on patent infringement

- MuniAuction

- First internet auction in 1997 for City of Pittsburgh
 - Allows for interactive bidding, Two-Minute Rule

- Good-faith deposit:

- Used to be bank check, hand-delivered with bid
 - Now satisfied by surety bond from insurer



Mechanics of the Sale: Pricing #1

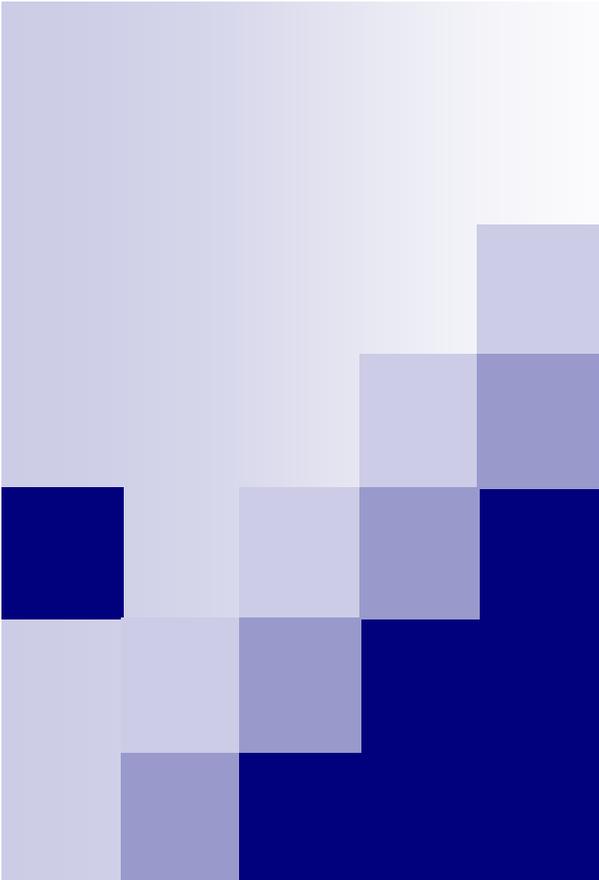
San Francisco Public Utilities Commission
Water Revenue Bonds, 2006 Series A
\$507,815,000
Competitive sale on 2/28/06

Bidders	True Interest Cost	Dollar Bid
Merrill Lynch	4.4497%	103.1444%
Morgan Stanley	4.4544%	103.7023%
Citigroup	4.4630%	102.7813%
Bear Stearns	4.4837%	104.1842%
UBS	4.4905%	102.6820%

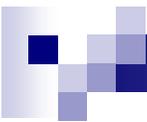
Mechanics of the Sale: Pricing #2

San Jose Redevelopment Agency
 Merged Area Tax Allocation Bonds
 Competitive sale on 10/24/07

\$21,330,000 Series 2007A-T (taxable)	TIC	\$191,600,000 Series 2007B (tax-exempt)	TIC
Morgan Keegan	5.126%	Merrill Lynch	4.666%
BB&T	5.157%	J.P. Morgan	4.674%
Raymond James	5.254%	UBS	4.702%
J.P. Morgan	5.300%	Citigroup	4.708%
Citigroup	5.483%	Banc of America	4.709%
Lehman Brothers	6.000%	Lehman Brothers	4.716%



Negotiated Sales



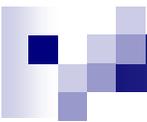
Negotiated Sale

■ What is it?

- Involves the pre-selection of a firm (or firms) to whom the issuer intends to sell the debt obligation; the price is “negotiated” at the time of sale

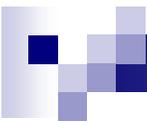
■ When to use it?

- Market considerations: Weak market with low demand or high supply
- Debt structure: variable rate issue, innovative debt structure, very large or very small size, unusual security pledge, potential tax law or litigation concerns
- Policy considerations: bankers work actively with issuer in between sale, bankers bring new, innovative concept to issuer
- Issuer considerations: unknown issuer, concern about credit quality



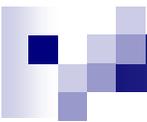
Negotiated Sale, cont'd

- Primary goals and objectives
 - Achieve the lowest overall cost of borrowing
 - Structure the transaction to meet the most current investor preferences
 - Maintain significant flexibility, up to the final pricing, to change the issue size and/or structure
- How to measure success
 - Comparable sales



Mechanics of the Sale

- Timeframe to prepare the sale (6 – 9 months)
 - Weeks 1 - 8: RFP and selection process – may include selection of underwriters, FA and bond counsel
 - Week 9: Working group meets to review plan of finance
 - Week 11: First drafts of documents distributed by counsel (legal documents, Official Statement - disclosure and due diligence) first draft Feasibility or Consultant's reports distributed, as appropriate
 - Week 13: All-hands meeting of working group to review documents
 - Week 15: Second draft documents distributed
 - Week 17: All-hands meeting of working group to review documents
 - Week 19: Third draft documents distributed
 - Week 19 – 22: Prepare rating presentations, meet with rating agencies
 - Week 23: Governing board of issuer approves documents
 - Week 24: Confirm ratings
 - Week 24: Finalize syndicate rules (takedown, participation, priority of orders, liability)
 - Week 25: POS distributed electronically
 - Week 26: Pre-marketing period
 - Week 27: Pricing date
 - Week 28: Final OS printed
 - Week 29: Closing, bond released and funds wired



Mechanics of the Sale, cont'd

■ Underwriter Selection and Management

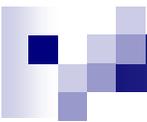
- Underwriter selection options
 - Request for Proposal process
 - Appointment (from a pool or otherwise)
- Determine syndicate members
 - Senior manager – manages sale, receives orders, highest compensation
 - Co-managers – broaden investor outreach, share in liability and fees
 - Selling group members – additional outreach to investors, especially useful to increase retail orders and/or if issue size is very large
- Develop syndicate rules
 - Participation
 - Liability
 - Retention



Mechanics of the Sale, cont'd

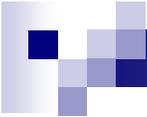
■ Structuring

- Principal structure
 - Level debt service
 - Level principal
 - “Wrapped”
- Coupon structure
 - Investor appetite
 - Impact on issuer’s debt service
- Credit enhancement
 - Insurance
 - Letter of Credit
- Redemption (call) provisions
 - Traditional call protection period
 - Special call features



Mechanics of the Sale, cont'd

- Marketing and Pricing: Prior to sale
 - Preliminary Official Statement
 - Principal disclosure document for prospective investors, describing bonds, issuer, source of payment for debt service
 - Distributed electronically at least one week prior to sale date
 - Marketing period
 - Institutional: Investor meetings or calls
 - Retail: Retail order period prior to institutional orders
 - Establish the price and rules (pricing wire)
 - Priority of orders
 - Order period
 - Takedown (sales commission)
 - Coupons and yields



Mechanics of the Sale: Pre-sale memo

- Pre-sale memo
 - Helps issuer negotiate price of bonds
 - Provided to issuer prior to the establishing initial interest rates

- Topics addressed in pre-sale memo
 - Market tone
 - Historical interest rates
 - Economic releases
 - New issue calendar
 - Price views of firms not involved in the sale
 - Marketing factors
 - Rates on recent comparable sales

Mechanics of the Sale: Price Views

Pricing Indications for Series 2007 A

Maturity	Principal	AAA MMD (10/12/07)	Sr. Manager Proposed			Indication #1			Indication #2		
			Coupon	Yield	Spread to MMD	Coupon	Yield	Spread to MMD	Coupon	Yield	Spread to MMD
7/1/2008	3,640,000	3.38%		Sealed Bid		5.000%	3.580%	0.200%	4.000%	3.460%	0.080%
7/1/2009	4,290,000	3.39%	4.000%	3.490%	0.100%	5.000%	3.640%	0.250%	4.000%	3.480%	0.090%
7/1/2010	14,585,000	3.44%	4.000%	3.590%	0.150%	5.000%	3.740%	0.300%	4.000%	3.540%	0.100%
7/1/2011	15,180,000	3.50%	4.000%	3.700%	0.200%	5.000%	3.830%	0.330%	4.500%	3.640%	0.140%
7/1/2012	15,800,000	3.54%	4.000%	3.790%	0.250%	5.000%	3.890%	0.350%	4.400%	3.720%	0.180%
7/1/2013	16,445,000	3.59%	5.000%	3.890%	0.300%	5.000%	3.970%	0.380%	5.000%	3.790%	0.200%
7/1/2014	17,060,000	3.65%	4.000%	4.000%	0.350%	5.000%	4.050%	0.400%	5.000%	3.890%	0.240%
7/1/2015	2,795,000	3.72%	4.000%	4.070%	0.350%	5.000%	4.120%	0.400%	4.000%	4.000%	0.280%
7/1/2016	2,975,000	3.79%	5.000%	4.140%	0.350%	5.000%	4.190%	0.400%	4.000%	4.100%	0.310%
7/1/2017	2,485,000	3.86%	4.125%	4.210%	0.350%	5.000%	4.260%	0.400%	4.500%	4.210%	0.350%
7/1/2018	2,595,000	3.93%	5.000%	4.280%	0.350%	5.000%	4.350%	0.420%	5.000%	4.300%	0.370%
7/1/2019	2,700,000	3.99%	4.250%	4.340%	0.350%	5.000%	4.410%	0.420%	5.000%	4.380%	0.390%
7/1/2020	8,920,000	4.04%	5.000%	4.390%	0.350%	5.000%	4.460%	0.420%	5.000%	4.440%	0.400%
7/1/2021	9,380,000	4.09%	5.000%	4.440%	0.350%	5.000%	4.510%	0.420%	5.000%	4.440%	0.350%
7/1/2022	9,855,000	4.13%	5.000%	4.480%	0.350%	5.000%	4.550%	0.420%	5.000%	4.630%	0.500%
7/1/2023	22,410,000	4.17%	5.000%	4.520%	0.350%	5.000%	4.590%	0.420%	5.000%	4.560%	0.390%
7/1/2024	23,560,000	4.20%	5.000%	4.550%	0.350%	5.000%	4.620%	0.420%	5.000%	4.590%	0.390%
7/1/2025	20,260,000	4.23%	5.000%	4.580%	0.350%	5.000%	4.650%	0.420%	5.000%	4.610%	0.380%
7/1/2026	11,585,000	4.26%	5.000%	4.610%	0.350%	5.000%	4.680%	0.420%	5.000%	4.640%	0.380%
7/1/2027	12,180,000	4.29%	5.000%	4.640%	0.350%	5.000%	4.710%	0.420%	5.000%	4.670%	0.380%
7/1/2028	12,805,000	4.32%	5.000%	4.670%	0.350%	5.000%	4.740%	0.420%	5.000%	4.690%	0.370%
7/1/2029	13,460,000	4.35%	5.000%	4.700%	0.350%	5.000%	4.770%	0.420%	5.000%	4.720%	0.370%

Mechanics of the Sale: Comparables

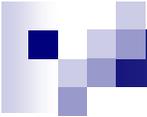
Pricing Comparables

Issuer	Los Angeles Community College District	California Education Facilities - Scripps				University of California Regents							
Description	General Obligation Bonds (Unlimited)	Revenue Bonds				Revenue Bonds							
Par	\$400,000,000	\$30,555,000				\$415,355,000							
Insurer	FGIC	MBIA				FGIC							
Delivery	October 23, 2007	October 31, 2007				October 30, 2007							
Due	8/1	11/1				5/15							
1st Coupon	February 1, 2008	May 1, 2008				May 15, 2007							
Call Provisions	Callable @ par 8/1/17	Callable @ par 11/1/17				Callable @ 101.00% 5/15/16							
Underwriter	Citigroup Global Markets, Inc.	E.J. De La Rosa & Co.				Lehman Brothers							
Bid Type	Negotiated	Negotiated				Negotiated							
Pricing Date	October 10, 2007	October 10, 2007				October 11, 2007							
Maturity	Coupon	AAA GO MMD	Yield	Yield Spread	Coupon	AAA GO MMD	Yield	Yield Spread	Coupon	AAA GO MMD	Yield	Yield Spread	
2008	4.000%	3.38%	3.290%	-9 bps	4.750%	3.38%	3.290%	-9 bps		3.38%			
2009	4.000%	3.39%	3.300%	-9 bps	4.750%	3.39%	3.330%	-6 bps		3.39%			
2010	4.000%	3.43%	3.350%	-8 bps	4.000%	3.43%	3.370%	-6 bps		3.44%			
2011	4.000%	3.49%	3.400%	-9 bps	4.000%	3.49%	3.440%	-5 bps		3.50%			
2012	4.000%	3.53%	3.450%	-8 bps	4.000%	3.53%	3.490%	-4 bps	4.000%	3.54%	3.520%	-2 bps	
2013	4.000%	3.57%	3.500%	-7 bps	4.000%	3.57%	3.530%	-4 bps	4.000%	3.59%	3.580%	-1 bp	
2014	4.500%	3.63%	3.600%	-3 bps	4.75%/ 4.000%	3.63%	3.590%/3.590%	-4 bps	4.000%	3.600%	3.65%	3.610%	-4 bps
2015	4.500%	3.70%	3.700%	0 bps	5.000%	3.70%	3.690%	-1 bp	5.000%	3.72%	3.690%	-3 bps	
2016	5.000%	3.77%	3.800%	3 bps	4.000%	3.77%	3.790%	2 bps	5.000%	3.79%	3.780%	-1 bp	
2017	4.375%	3.84%	3.900%	6 bps	4.750%	3.84%	3.860%	2 bps	4.000%	3.86%	3.880%	2 bps	
2018	5.000%	3.91%	3.960%	5 bps	4.500%/ 5.000%/ 4.000%	3.91%	3.950%/3.93%/3.950%	2-4 bps	5.000%	3.93%	3.980%	5 bps	
2019	5.000%	3.97%	4.050%	8 bps	4.125%/4.000%	3.97%	4.050%	8 bps	5.000%	3.99%	4.050%	6 bps	
2020	5.000%	4.03%	4.110%	8 bps	4.250%/4.000%	4.03%	4.150%	12 bps	5.000%	4.04%	4.120%	8 bps	
2021	5.000%	4.08%	4.160%	8 bps	4.250%/4.100%	4.08%	4.240%/4.240%	16 bps	5.000%	4.09%	4.170%	8 bps	
2022	5.000%	4.12%	4.200%	8 bps		4.12%			5.000%	4.13%	4.210%	8 bps	
2023	5.000%	4.16%	4.240%	8 bps		4.16%			5.000%	4.17%	4.250%	8 bps	
2024	5.000%	4.19%	4.270%	8 bps		4.19%			5.000%	4.20%	4.280%	8 bps	
2025		4.22%				4.22%			5.000%	4.23%	4.310%	8 bps	
2026		4.25%				4.25%			5.000%	4.26%	4.340%	8 bps	
2027	5.000%	4.28%	4.350%	7 bps		4.28%			5.000%	4.29%	4.370%	8 bps	
2028		4.31%				4.31%			5.000%	4.32%	4.390%	7 bps	
2029		4.34%				4.34%			5.000%	4.35%	4.420%	7 bps	
2030		4.36%				4.36%			5.000%	4.37%	4.440%	7 bps	
2031		4.38%				4.38%			5.000%	4.39%	4.460%	7 bps	
2032	5.000%	4.39%	4.470%	8 bps		4.39%				4.40%			
2033		4.40%				4.40%				4.41%			
2034		4.41%				4.41%				4.42%			
2035		4.42%				4.42%				4.43%			
2036		4.43%				4.43%				4.44%			
2037		4.43%				4.43%				4.44%			



Mechanics of the Sale, cont'd

- Marketing and Pricing: Day of sale
 - Hold retail and institutional order periods
 - Fund the escrow: Treasuries or SLGS
 - Underwrite bonds
 - Sign the Bond Purchase Agreement
 - Identify unsold balances
 - Allotments: which orders get filled?



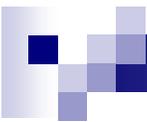
Case Study

\$503,090,000.00

PORT OF OAKLAND, CALIFORNIA

INTERMEDIATE LIEN REVENUE REFUNDING BONDS

October 2007



Case Study: Syndicate Communications

Sample Communication with Syndicate members

In preparation for pricing the Port of Oakland's Series 2007 Intermediate Lien Revenue Bonds next week, please find below a link to the Preliminary Official Statement for your use.

<http://us297.alphagraphics.com/files/3937/PortOfOaklandInterLienRevBonds.pdf>

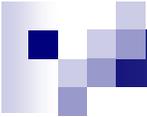
The Retail Order Period (ROP) will be held on Monday, October 15th. We anticipate the ROP will begin at 10:00am NY/7:00am CA and will be open throughout the day, closing early NY time the following morning.

Priority of Orders during the ROP

1. Retail investors in the Port's LAI
2. California retail
3. National retail

Maximum order size - \$1,000,000

Orders larger than \$1 million will be reviewed on a case-by-case basis by the Port and are subject to verification



Case Study: Syndicate Communications

Sample Communication with Syndicate members cont'd

"Retail" defined as individuals, trust accounts and investment advisors managing money on behalf of individuals.

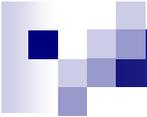
Selling group members are not invited to participate during the institutional order period on the following day.

Our desk will include all of your firms on wires going forward. Our underwriter for this transaction will be Jay Wheatley at 212-000-0000. Any pricing/desk questions can be addressed to him, banking/schedule questions to myself.

We look forward to a successful pricing next week.

Case Study: Compensation

Underwriter	Designations (in dollars)	Designations (as a %)
Senior Manager	\$822,132.71	49.63%
Co-Senior Manager	\$182,523.95	11.02%
Co-Senior Manager	\$154,134.90	9.31%
Co-Senior Manager	\$126,847.52	7.66%
Co-Manager	\$115,943.39	7.00%
Co-Manager	\$85,554.13	5.17%
Co-Manager	\$84,358.51	5.09%
Co-Manager	\$83,144.01	5.02%
Selling Group Member	\$1,073.70	0.06%
Selling Group Member	\$659.06	0.04%
TOTAL	\$1,656,371.88	100%



Mechanics of the Sale, cont'd

- Post-sale to closing
 - Final Official Statement
 - Contents
 - Mailing requirements
 - Completing and signing documents
 - Final wires
 - Underwriter to Trustee, to fund accounts
 - Trustee to Credit Enhancement Provider, as applicable
 - Trustee to Issuer, as applicable
 - Closing call with DTC
 - Post Pricing Book